

Trends in enterprise bargaining

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MARCH QUARTER 1999

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MARCH QUARTER – KEY FIGURES

	December quarter	March quarter	Change
Wage agreements in the quarter			
AAWI per employee - All sectors	4.2%	3.8%	-0.4 pts
AAWI per employee - Private sector	3.9%	3.9%	0.0 pts
AAWI per employee - Public sector	4.5%	3.5%	-1.0 pts
All current wage agreements			
AAWI per employee - All sectors	4.0%	3.9%	-0.1 pts
AAWI per employee - Private sector	4.1%	4.1%	0.0 pts
AAWI per employee - Public sector	3.9%	3.7%	-0.2 pts

Note: AAWI = Average Annualised Wage Increase

MARCH QUARTER – KEY POINTS

- Federal wage agreements formalised in the March quarter 1999 paid an average annualised wage increase (AAWI) of 3.8% per employee, down from 4.2% for the December quarter 1998.
- The fall in AAWI was entirely accounted for by public sector wage outcomes. New public sector federal wage agreements paid, on average, an annual increase of 3.5% per employee, down 1.0 percentage points from the December quarter 1998 figure of 4.5%. AAWI per employee in private sector agreements remained unchanged in the March quarter 1999 at 3.9%.
- All current federal wage agreements, as at 31 March 1999, paid an AAWI of 3.9% per employee, down 0.1 percentage points from the AAWI paid for all federal wage agreements current at 31 December 1998.

Chart A: All wage agreements

Average annualised wage increase

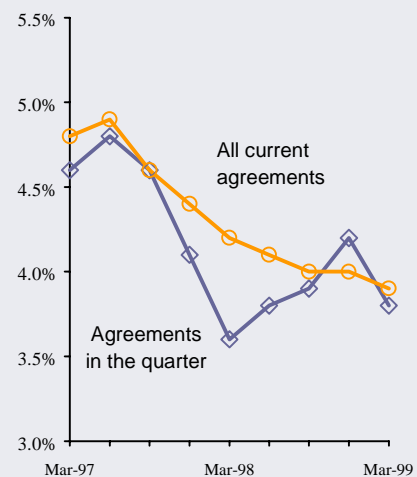
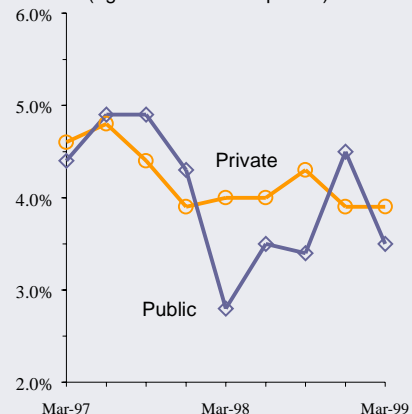


Chart B: Agreements by sector

Average annualised wage increase (agreements in the quarter)



Information

Note: This report summarises the latest estimates from the Department of Employment, Workplace Relations and Small Business' Workplace Agreements Database (WAD). All estimates are rounded to one decimal place, and are subject to revision.

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Next release: The June quarter 1999 *Trends in Enterprise Bargaining* report is expected to be released in mid August. Subscribers will note that there are two articles included in this report – "Family-friendly provisions" and "The contribution of federal agreements to aggregate wages growth". Planned topics for future editions of *Trends in Enterprise Bargaining* include:

- seasonal pattern in wages growth
- employment arrangements in federal workplace agreements
- patterns in renegotiated agreements.

DEVELOPMENTS IN FEDERAL AGREEMENTS

Pace of agreement-making

At least 1,618 federal enterprise agreements, covering an estimated 125,900 employees, were formalised by the AIRC and entered on the WAD in the March quarter 1999. This brings the total number of federal agreements formalised by the AIRC from October 1991 to the end of March 1999 to at least 24,920 agreements.

There were at least 1,564 wage agreements reached in the March quarter, covering an estimated 121,900 employees.

Wage agreements with quantifiable wage increases accounted for 67% of agreements and 76% of employees covered by agreements formalised in the March quarter 1999. (This compares with the December quarter 1998 when quantifiable wage agreements accounted for 72% of all agreements and covered 80% of employees). Non-quantifiable wage agreements accounted for 30% of all agreements in the March quarter and covered 21% of employees. Three per cent of agreements were conditions only and these covered 3% of employees. A further three agreements (approximately 0.2% of all agreements certified in the March quarter) were unavailable from the Australian Industrial Registry at the time this report was prepared.

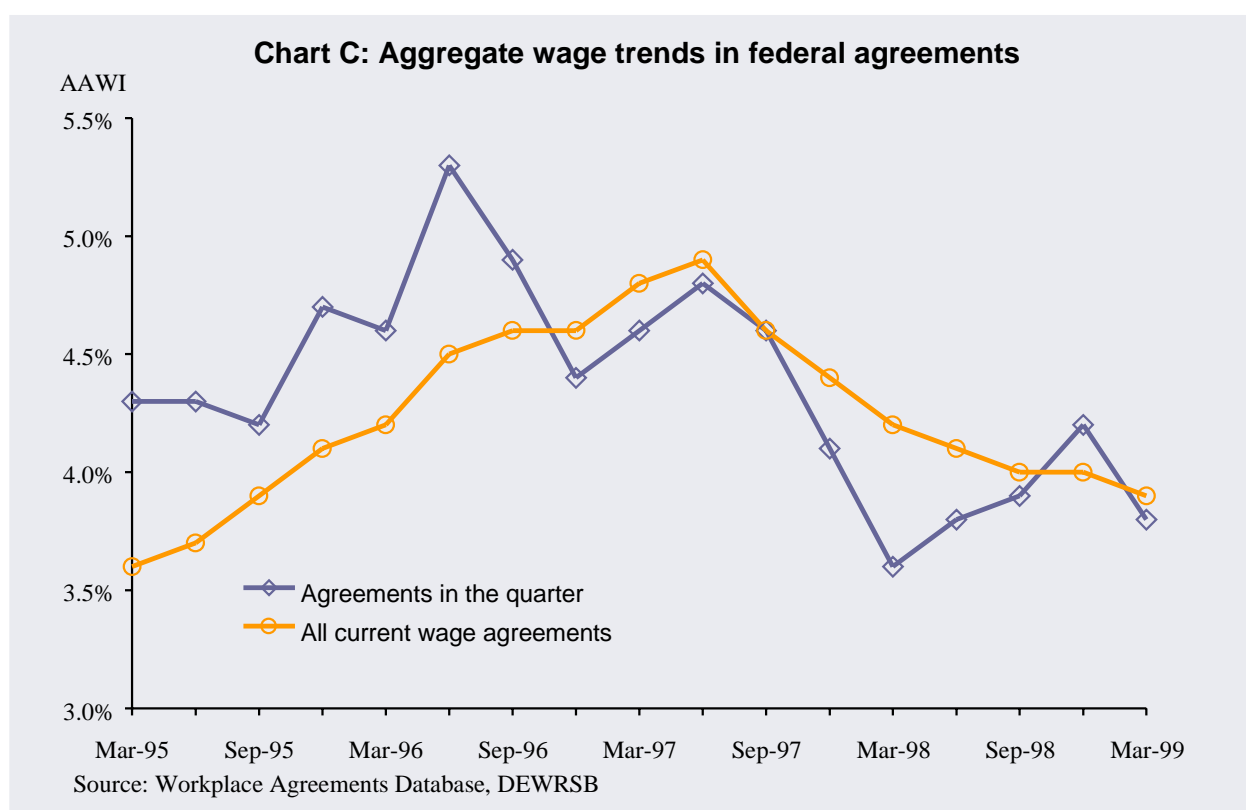
There were at least 10,470 federal wage agreements current at 31 March 1999, covering an estimated 1,331,100 employees.

Average annualised wage increases per employee

Chart C below compares trends over the past four years in our two key wage measures. These are the 'quarterly' series, an estimate of the average annualised wage increase (AAWI) per employee for federal wage agreements formalised by the AIRC in a particular quarter, and the 'all current' series, which is the AAWI per employee for all federal wage agreements current at the last day of a quarter. An explanation of how both these estimates are calculated can be found in the Technical Notes.

While the quarterly AAWI series is a useful forward indicator of the average increase paid by *new* federal agreements, only around 2% of all employees in Australia are covered in the March quarter's figures. By contrast the all current AAWI estimate covers a much larger group — 18% of all employees at the end of March 1999.

For agreements formalised in the March quarter 1999, AAWI was 3.8% per employee, down 0.4 percentage points from 4.2% in the December quarter 1998. For all current federal wage agreements at 31 March 1999, AAWI was 3.9% per employee, down marginally from the previous quarter.



TECHNICAL NOTES

The Workplace Agreements Database

The Workplace Agreements Database (WAD) is maintained by the Labour Market Policy Group of the Department of Employment, Workplace Relations and Small Business (DEWRSB). The WAD contains information on all known federal enterprise agreements which have been certified or approved by the Australian Industrial Relations Commission (AIRC) since the introduction of the Enterprise Bargaining Principle in October 1991. The WAD covers general details (such as sector, ANZSIC, duration, employees covered), wage details (quantum and timing of increases), and employment conditions. Information entered on the WAD is drawn from copies of federal agreements lodged with the Australian Industrial Registry.

Employee coverage

Information on the number of employees covered by an agreement is drawn from the statutory declarations provided to the AIRC by the parties, along with AIRC transcripts and decisions, and employer contacts.

Actual employee numbers are known for 81% of all new agreements certified in the March quarter. Where employee coverage is not known, a 'modified mean' is used to estimate employee coverage. The modified mean is generated for each industry group by calendar year removing the largest 5% and smallest 5% of agreements, and then calculating the mean of the remainder.

Duration of agreements

The WAD uses the 'effective duration' of each agreement rather than formal duration (that is, the period from certification to expiry) to measure agreement duration. The effective duration of a wage agreement is the difference in months between: (1) certification and expiry date, (2) commencement and expiry date, or (3) the date of the first wage increase and expiry date, whichever period is the greatest.

Average annualised wage increases

Estimates of average wage increases are calculated for those federal wage agreements that paid *quantifiable* increases. Wage agreements whose average percentage increase could not be quantified (eg, those introducing a new salary structure) are excluded from these estimates.

For quantifiable wage agreements, the *average annualised wage increase (AAWI) per agreement* is calculated by (1) summing the percentage wage increases to give a total percentage wage increase for each agreement (flat dollar increases are converted to a percentage using average weekly ordinary time earnings (AWOTE) for the relevant ANZSIC industry division and quarter) and (2) annualising the total percentage wage increase by dividing it by the effective duration and multiplying it by 12. For the few agreements whose duration is less than one year, a 12 month duration is assumed when calculating AAWI.

AAWI per agreement provides only a simple unweighted average and tends to overstate the average wage increase received by employees. For this reason *Trends in Enterprise Bargaining* reports the *average annualised wage increase (AAWI) per employee*, which is calculated by weighting AAWI per agreement by the number of employees covered by that agreement.

The *all current* wage estimates are the AAWI per employee for all quantifiable federal wage agreements that are current on the last day of the quarter.

Estimates of AAWI generally exclude increases paid in the form of conditional performance pay, one-off bonuses, profit sharing or share acquisition, as these data cannot readily be either quantified or annualised. This, along with the use of a simple rather than compound percentage wage increase, may result in a small under-estimation of average wage increases.

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TABLE 1: FEDERAL WAGE AGREEMENTS, BY INDUSTRY AND SECTOR, TO THE MARCH QUARTER 1999

INDUSTRY/SECTOR	Mar-95	Jun-95	Sep-95	Dec-95	Mar-96	Jun-96	Sep-96	Dec-96	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99
Non-metals manufacturing	145	157	185	224	191	140	153	228	117	169	200	181	113	164	202	150	135
Quarter: AAWI per employee	4.6%	4.4%	4.9%	4.4%	5.1%	4.9%	5.0%	4.8%	4.5%	4.8%	4.5%	4.4%	4.6%	4.4%	3.7%	3.9%	3.8%
Quarter: Employees ('000)	12.3	12.5	15.2	16.8	20.1	16.9	11.2	22.1	11.7	14.6	18.4	13.6	12.0	14.3	18.5	8.7	14.3
Metals manufacturing	93	139	149	162	111	174	154	134	92	199	222	153	160	155	275	212	263
Quarter: AAWI per employee	4.8%	4.9%	5.1%	5.1%	5.4%	5.4%	5.4%	5.4%	5.0%	5.1%	4.8%	4.9%	4.5%	4.6%	4.4%	4.4%	4.2%
Quarter: Employees ('000)	9.0	17.2	30.3	21.0	8.7	15.9	14.7	15.3	9.1	16.8	25.4	10.9	15.0	15.1	22.8	19.2	17.8
Infrastructure services	155	223	245	300	349	328	334	417	465	329	818	543	472	508	1043	1235	805
Quarter: AAWI per employee	4.0%	4.5%	5.0%	5.2%	5.7%	4.5%	6.2%	4.3%	6.1%	4.9%	5.1%	5.4%	4.5%	5.1%	4.8%	4.1%	4.9%
Quarter: Employees ('000)	34.3	17.6	14.6	94.6	54.4	51.2	8.7	53.8	12.1	22.1	23.7	50.3	13.6	12.4	36.2	109.2	17.5
Other services	59	93	201	174	372	166	227	130	149	152	181	236	231	316	427	414	260
Quarter: AAWI per employee	4.7%	4.2%	4.3%	4.0%	4.1%	5.6%	4.9%	4.3%	3.9%	4.8%	4.4%	3.9%	3.6%	3.8%	3.9%	3.4%	3.3%
Quarter: Employees ('000)	18.5	33.1	43.1	67.4	145.6	154.0	108.0	78.8	29.7	66.8	65.6	148.6	67.0	158.2	118.0	77.1	52.8
Government administration	32	53	64	61	71	49	92	42	45	72	151	65	79	79	137	73	69
Quarter: AAWI per employee	3.8%	3.7%	3.8%	4.2%	5.0%	4.6%	4.2%	4.2%	4.5%	4.6%	4.0%	3.2%	2.5%	3.2%	3.3%	5.9%	3.7%
Quarter: Employees ('000)	10.2	159.1	152.1	13.5	17.2	25.9	22.7	3.9	8.3	13.9	9.4	44.6	23.1	32.5	48.9	37.5	18.1
PUBLIC SECTOR	55	82	213	156	289	123	164	79	73	121	188	146	145	138	265	279	141
Quarter: AAWI per employee	4.1%	3.4%	3.9%	4.9%	4.4%	4.2%	4.0%	4.3%	4.4%	4.9%	4.9%	4.3%	2.8%	3.5%	3.4%	4.5%	3.5%
Quarter: Employees ('000)	45.0	176.0	190.0	114.2	168.7	106.5	55.3	12.4	18.3	59.1	39.9	107.8	39.4	88.1	93.8	135.5	30.0
All current: AAWI per employee	3.5%	3.5%	3.7%	4.0%	4.2%	4.3%	4.3%	4.4%	4.7%	4.9%	4.9%	4.7%	4.3%	4.1%	3.8%	3.9%	3.7%
All current: Employees ('000)	471.3	623.6	366.7	445.3	557.1	595.3	579.3	554.1	351.3	380.4	338.1	353.3	339.6	369.0	414.0	470.4	459.7
PRIVATE SECTOR	442	592	646	782	835	767	832	899	811	829	1444	1067	939	1122	1868	1850	1423
Quarter: AAWI per employee	4.6%	4.7%	4.9%	4.6%	5.1%	6.0%	5.3%	4.5%	4.6%	4.8%	4.4%	3.9%	4.0%	4.0%	4.3%	3.9%	3.9%
Quarter: Employees ('000)	40.6	64.1	66.8	103.6	80.3	161.2	117.2	164.5	53.7	77.3	106.6	163.9	93.5	146.7	153.7	119.5	92.0
All current: AAWI per employee	3.8%	3.9%	4.0%	4.2%	4.3%	4.7%	4.9%	4.8%	4.9%	4.9%	4.5%	4.3%	4.2%	4.1%	4.2%	4.1%	4.1%
All current: Employees ('000)	486.7	497.6	496.8	525.7	480.2	598.1	640.4	757.6	696.8	723.8	668.2	753.4	737.8	809.4	770.8	846.8	871.4
ALL INDUSTRIES	497	674	859	938	1124	890	996	978	884	950	1632	1213	1084	1260	2133	2129	1564
Quarter: AAWI per employee	4.3%	4.3%	4.2%	4.7%	4.6%	5.3%	4.9%	4.4%	4.6%	4.8%	4.6%	4.1%	3.6%	3.8%	3.9%	4.2%	3.8%
Quarter: Employees ('000)	85.6	240.1	256.8	217.8	249.0	267.7	172.5	176.9	72.0	136.4	146.5	271.7	132.9	234.8	247.5	255.0	121.9
All current: AAWI per employee	3.6%	3.7%	3.9%	4.1%	4.2%	4.5%	4.6%	4.6%	4.8%	4.9%	4.6%	4.4%	4.2%	4.1%	4.0%	4.0%	3.9%
All current: Employees ('000)	958.1	1121.2	863.5	971.0	1037.3	1193.4	1219.7	1311.7	1048.1	1104.2	1006.3	1106.7	1077.4	1178.4	1184.8	1317.2	1331.1

Notes: 1. Agreement and employee estimates are for all federal wage agreements in the period, while estimates of AAWI per employee are based on quantifiable wage agreements.

2. Agreements are categorised by Industry group according to ANZSIC Division, as defined by the ABS. The Industry groups are:

'Non-metals manufacturing' - ANZSIC Division C (Manufacturing) excluding 'Metals manufacturing'.

'Metals manufacturing' - ANZSIC Subdivisions 27 and 28.

'Infrastructure services' - ANZSIC Divisions D, E, I and J (Electricity, gas and water supply; Construction; Transport and storage; Communication services).

'Other services' - ANZSIC Divisions F, G, H, K, L, N, O, P, Q (Wholesale trade; Retail trade; Accommodation, cafes and restaurants; Finance and insurance; Property and business services; Education; Health and community services; Cultural and recreational services; Personal and other services).

'Government administration' - ANZSIC Division M (Government administration and defence).

ANZSIC Divisions A (Agriculture, forestry and fishing) and B (Mining) are not included in the industry groups. They are included in sectoral and all industry totals.

Source: Workplace Agreements Database, DEWRSB, 26 May 1999. All estimates are rounded and are subject to revision. Revisions have been made to historical series.

Trends in enterprise bargaining



INSERT

MARCH QUARTER 1999

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This insert for *Trends in Enterprise Bargaining* looks at, amongst other things, the effect of major agreements on wages and outcomes by sector and by industry group. In this edition, we also present two specialist articles which continue our series of articles designed to investigate issues related to enterprise bargaining. The first article looks at family-friendly provisions in federal workplace agreements, while the second article analyses the contribution of federal agreements to aggregate wages growth.

Average annualised wage increases per employee

As previously mentioned, federal wage agreements formalised in the March quarter 1999 paid an average annualised wage increase (AAWI) of 3.8% per employee, down from 4.2% in the December quarter 1998. Clearly the spike in AAWI in the December quarter 1998 was temporary and average outcomes for employees from federal enterprise agreements are now back to the levels experienced in mid-1998. As noted in the last *Wage Trends* report, the increase in AAWI for federal wage agreements formalised in the December quarter 1998 was driven by the public sector and was primarily the result of a South Australian (SA) Department for Education and Children's Services agreement formalised in that quarter.¹ Similarly, the fall in AAWI in the March quarter 1999 also appears to have been driven by the public sector, with wage outcomes in the private sector unchanged in the March quarter 1999.

The effect of major agreements on wage trends

There were 39 large agreements (that is, agreements covering more than 500 employees) approved in the March quarter 1999 compared to a revised 46 large agreements in the previous quarter. These agreements accounted for only 2% of all agreements approved in the March quarter, but 51% of employees.

In the private sector, the largest wage agreements in the March quarter were the Safeway Supermarkets (Victoria) agreement, followed by the Qantas Flight Attendants' Long Haul Division agreement. These agreements covered an estimated 20,600 and 4,000 employees and paid average annualised increases of 3.3% and 3.0% per employee respectively, considerably lower than the average for all private sector agreements. The Liquorland (Australia) agreement was another large private sector agreement which paid lower than the average at 2.6% per employee to an estimated 2,500 employees. Together, these three agreements will have had a moderating effect on the overall outcome for the private sector in the March quarter 1999.

In the public sector, the largest wage agreement certified in the March quarter was the Home Care Service of NSW & LHMU (Field Staff) agreement which paid an AAWI of 2.6% per employee to an estimated 3,800 employees. This was followed by the Department of Natural Resources and Environment (Victoria) agreement, which covered an estimated 3,700 employees and paid an AAWI of 5.3% per employee and the CSA (Child Support Agency) General Employees agreement which paid a 4.0% AAWI to an estimated 2,500 employees.

Average annualised wage increases per agreement

Federal wage agreements formalised in the March quarter 1999 paid an AAWI *per agreement* of 5.2%, down 0.3 percentage points from the previous quarter. Private sector wage agreements paid an AAWI of 5.4% per agreement in the March quarter, while public sector wage agreements paid 3.4% per agreement. As noted in previous *Wage Trends* reports, we consider that this measure does not provide a very useful indicator of aggregate wage pressures as it assigns equal weight to each enterprise agreement, irrespective of the number of employees they may cover.

1. This agreement paid an AAWI of 8.5% to an estimated 17,000 employees and as noted in our last report, excluding this agreement, the public sector result for the December quarter would have been 3.8% per employee.

WAGE TRENDS BY SECTOR

Private sector wage trends

At least 1,423 federal private sector wage agreements, covering an estimated 92,000 employees, were formalised by the AIRC in the March quarter 1999. This represents a decline in the number of agreements formalised from the revised December quarter 1998 figure of 1,850 agreements. However, it is relevant to note that, aside from the pre-election March quarter 1996, the first quarter of the calendar year historically tends to be a slower period for certification of enterprise agreements. On average, private sector agreements certified in the March quarter paid an annualised wage increase of 3.9% per employee, unchanged from the December quarter 1998.

There were a broad range of bargaining wage outcomes in the private sector in the March quarter, particularly among the large private sector agreements. In addition to the moderate outcomes in several large agreements mentioned previously, the Greater Union Cinema agreement paid a 1.5% AAWI to an estimated 1,000 employees; the Fletcher & Co Abattoir agreement paid an AAWI of 1.5% to an estimated 600 employees; and the Bridgestone Tyre Manufacturing and Development Division agreement paid an AAWI of 3.1% to an estimated 600 employees. These outcomes were offset by above average wage outcomes in the AGL Networks and Retail agreement, which paid an AAWI of 8.0% per employee to an estimated 700 employees, and a number of other large agreements which paid AAWIs greater than the private sector average of 3.9% per employee in the March quarter 1999.

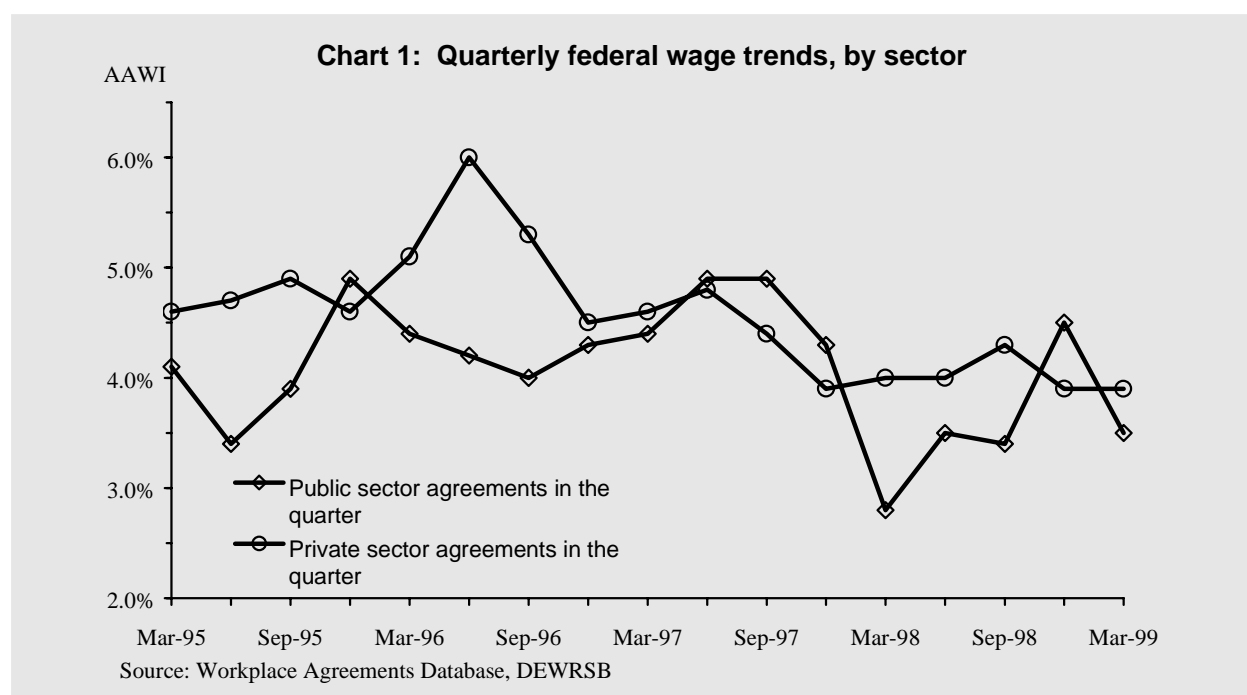
For all private sector agreements current at 31 March 1999, the AAWI was 4.1% per employee, unchanged from the AAWI for all private sector agreements current at 31 December 1998.

Public sector wage trends

In the March quarter 1999 there were at least 141 federal public sector wage agreements, covering an estimated 30,000 employees, formalised by the AIRC. These agreements paid an average annualised wage increase of 3.5% per employee, down 1.0 percentage points from 4.5% in the previous quarter.

As mentioned earlier, most of the apparent decline in the public sector outcome in the March quarter is accounted for by the SA Department for Education and Children's Services agreement, which inflated the previous quarter's results. If this large agreement was excluded, the public sector result for the December quarter would have been 3.8% per employee. In this light there has been little real variation in the underlying trend in public sector wage outcomes in the last four quarters.

For all federal public sector wage agreements current at 31 March 1999, the AAWI per employee was 3.7%, 0.2 percentage points lower than in the previous quarter (at 3.9%).



WAGE TRENDS IN KEY INDUSTRIES

Table 1 (see final page) shows quarterly movements in average annualised wage outcomes for the five main industry groups since the March quarter 1995. As can be seen from Table 1, and again attributable to the SA Department for Education and Children's Services agreement, there was a major decline in the AAWI in government administration and defence in the March quarter 1999, almost fully reversing the large increase of the previous quarter in this industry. By contrast, the AAWI per employee in infrastructure services increased by 0.8 percentage points from 4.1% in the December quarter 1998 to 4.9% in the March quarter 1999. This was partially driven by a particularly high increase in one large agreement in this industry group. The average annualised wage increases in the other three broad industry groups in the March quarter 1999 remained largely unchanged from the previous quarter.

Infrastructure services

The AAWI in infrastructure services continues to be volatile and the increase from 4.1% in the December quarter 1998 to 4.9% in the March quarter 1999 partially resulted from the certification of one large agreement which paid an AAWI well above the average for the industry group. As mentioned previously, the wage increase awarded in the AGL Networks and Retail agreement was 8.0% per employee, paid to an estimated 700 employees. At the same time, the March quarter saw fewer large agreements paying moderate wage increases than had been the case in the previous quarter. Indeed, the number of wage agreements formalised in the quarter in infrastructure services, as well as employees covered, decreased significantly in the March quarter 1999 – to 805 agreements, covering an estimated 17,500 employees, from a revised 1,235 agreements, covering an estimated 109,200 employees in the December quarter 1998. (The number of employees covered by infrastructure services wage agreements in the December quarter was unusually high due to three Telstra and three Qantas agreements, which covered an estimated total of 86,000 employees.)

The pattern of diverse wage outcomes across the industries in this broad industry group continued in the March quarter 1999 – ranging from 3.3% for transport and storage; to 6.0% for electricity, gas and water supply; and 6.4% for construction. There were no quantifiable agreements in the communications services industry in the March quarter 1999.

Government administration and defence

As noted above, the AAWI per employee in government administration and defence decreased significantly, by 2.2 percentage points from 5.9% in the December quarter 1998 to 3.7% in the March quarter 1999. The number of wage agreements formalised in the March quarter 1999 in this industry remained broadly unchanged from the previous quarter at 69 agreements. The number of employees covered, however, was halved from an estimated 37,500 in the December quarter 1998 to an estimated 18,100 in the March quarter 1999.

Other services

In other services, the AAWI per employee declined marginally in the March quarter 1999, down by 0.1 percentage points from the December quarter 1998 to 3.3% per employee. This broad industry group made the largest contribution to the all industries result in terms of estimated employees covered by agreements certified in the March quarter 1999 (over 40% of the employees covered by March quarter agreements were in the other services industry group). The continued moderate AAWI in this broad industry group was primarily attributable to the Safeway Supermarkets and the Liquorland agreements mentioned previously. Both the number of wage agreements formalised in this broad industry group and the employees covered decreased in the quarter.

Metals manufacturing

The number of wage agreements formalised in this industry group increased from a revised 212 agreements, covering an estimated 19,200 employees in the December quarter 1998, to 263 agreements, covering an estimated 17,800 employees in the March quarter 1999. The metals manufacturing wage agreements formalised in the March quarter paid an AAWI of 4.2% per employee, down 0.2 percentage points from a revised 4.4% outcome in the December quarter 1998. This is the lowest AAWI in metals manufacturing since the March quarter 1994 and reflects generally moderate wage increases across the agreements in this group.

Non-metals manufacturing

The non-metals manufacturing wage agreements for the March quarter 1999 paid an AAWI of 3.8% per employee, down 0.1 percentage points from a revised 3.9% in the December quarter 1998. The decrease in the number of agreements formalised in the quarter continued for the second quarter in a row (from 150 agreements in the December quarter to 135 in the March quarter). At the same time there was an increase in employee coverage from an estimated 8,700 employees in the December quarter 1998 to an estimated 14,300 employees in the March quarter 1999. In addition to the Fletcher & Co Abattoir and the Bridgestone agreements mentioned previously, the Cadbury Schweppes Confectionery Division (Tasmania) agreement paid a 4.0% AAWI to an estimated 700 employees.

Family-friendly provisions – an analysis of work and family provisions in 1998 federal workplace agreements

Balancing the demands of work and family is an important issue for both employers and employees in terms of improving job satisfaction and productivity. This article focuses on the work and family provisions found in federal workplace agreements that assist employees in balancing family and work commitments. The data referred to in this article were generated from federal workplace agreements certified in 1998.¹

The article analyses provisions which are specifically family-friendly, for example leave for family caring purposes, and those that can be implied as such, for example, flexible working hours and job sharing. For each provision, we provide an overview of general trends highlighted with clauses from agreements and indicate the three industries where the provision is most common.² Following this detailed treatment, there is a table of the incidence of these family-friendly provisions in male dominated, female dominated and mixed agreements.

Family responsibility provisions

Some agreements include provisions specifically designed to recognise the need for employees to balance their work and family commitments. A recent example is the *Iplex Pipelines Australia Pty Ltd Certified Agreement (Wangara, WA) 1998* (Print R2562) which not only recognises this as a need of employees, but part of the employer's role as well. In the agreement Iplex makes a commitment to ensuring that working hours are balanced to accommodate employees with family responsibilities.

The balance of work and family life is an important consideration for many employees. In practical terms, this is often more difficult for those who regularly work shift work. *The Victoria Police Force (Police Administrative Officers (PAO) & Forensic Officers (FO)) Certified Agreement 1998* (Print Number Q2958) recognises the need for shift work employees to regularly have time away from work on days that are recognised by most as days of rest and recreation. In this agreement, all employees should have at least one rest day each month on a Sunday. Similarly, the *Coles Supermarkets Australia Pty Ltd Australian Capital Territory Bakery Employee's Agreement 1998* (Print Number Q7601) provides for at least one three-day break each month where two of the three days must be weekend days.

Workplaces in remote areas can also be disruptive to family life. The *Australian Communications Authority Certified Agreement 1998* (Print Number Q5121) and the *Queensland Fertilizer Project Phosphate Hill (Cordukes Limited) Partnership Certified Agreement 1998* (Print Number Q7962) seek to minimise this impact by providing reunion fares to employees. These agreements allow for reunions every three months and five weeks, respectively.

Additional, and innovative, family-friendly arrangements were found in the *Bethany Family Support Inc. Enterprise Agreement 1998* (Print Number Q7608), which undertook to establish comfortable, private facilities for expressing and storing breast milk and allow nursing mothers to take breaks to feed their child.

Often the focus of family-friendly provisions is on younger family members. For employees caring for older family members, it can be useful to have information pertaining to their care and the available resources. One such measure is found in the *Pacific Access Employment Partnership Agreement 1999-2000* (Print Number R3428) which makes an "Elder Care Kit" available to employees.

As a proportion of agreements by industry, family responsibility provisions were most commonly found in the Finance and Insurance, Communication Services, and Government Administration and Defence industries.

Child-care provisions

WAD records instances where either childcare was provided on site, or financial assistance was provided for childcare. This can be beneficial for employees with young children. On-site childcare is provided for in *The Mortgage Centre Agreement 1998 – 2001* (Print Number Q8255). The *St Francis Xavier Cabrini Hospital and Health Services Union of Australia (Health Professionals) Certified Agreement 1998* (Print Number Q6204) and the *Royal District Nursing Service Nursing Enterprise Agreement 1998* (Print Number Q9551) provide financial assistance for childcare.

¹ There were 6916 federal workplace agreements certified in 1998 which were coded for conditions. This information is stored in the Workplace Agreements Database (WAD), which is maintained by the Department of Employment, Workplace Relations and Small Business.

² The three industries where the provision is most common are determined by dividing the number of agreements with the provision in each industry by the total number of agreements in that industry.

As a proportion of agreements by industry, childcare provisions were most commonly found in the Finance and Insurance, Education, and Government Administration and Defence industries.

Flexible working hours, generally

Flexibility in working hours assists employees caring for family members of any age. Where employees can reorganise their hours of work to suit family needs, leave entitlements can be preserved. There are a number of mechanisms used to support the implementation of this type of flexibility:

Flexitime system in operation

Flexitime incorporates flexible start and finish times and allows employees to bank excess hours. Whilst flexitime arrangements have limitations, employees generally have more flexibility in dealing with responsibilities external to work. The *Givoni Pty Ltd (Moe) and the TCFUA Certified Agreement 1998* (Print Number Q6974), *Australian Library and Information Association (National Office Staff) Enterprise Agreement* (Print Number Q7083) and *Australian National Audit Office (ANAO) Certified Agreement 1998 to 2000* (Print Number Q4135) have implemented flexitime into their employment conditions.

As a proportion of agreements by industry, flexitime provisions were most commonly found in Government Administration and Defence, Communication Services, and Finance and Insurance industries.

Start and finish times flexible

Employees with family responsibilities can be greatly assisted by having some flexibility in start and finish times of work. Whilst the operational requirements of some organisations may preclude this arrangement, where it can be implemented it could benefit both employees and employers. Employees have a greater degree of control over hours of work and are better equipped to balance the needs of work and family. For employers, less absenteeism and better productivity can result.

One agreement containing flexible start and finish times is the *TDG Autocare Enterprise Agreement (Victoria) 1998* (Print Number R0932). In this agreement employees may alter their starting time by two hours later than the normal fixed starting time. To increase flexibility in working hours, so as to be able to respond to unforeseen circumstances, employees covered by the *HPM Industries Pty Ltd, Electronics Division 540 - 548 Botany Road Rosebery Certified Agreement 1999* (Print Number R1063) may alter their start and finish times. (The employee may either accrue additional hours prior to, or make up the time after the absence).

As a proportion of agreements by industry, flexible start and finish times were most common in the Communication Services, Construction, and Government Administration and Defence industries.

Part-time employment

As a measure to assist employees with family responsibilities, some agreements not only have provision for part-time employment, but make it accessible to all employees. Examples of this are found in the *Australian Communications Authority Certified Agreement 1998* (Print Number Q5121), the *Gold Coast City Council Enterprise Agreement (Federal) 1998* (Print Number Q9854), *Auspine Ltd Tarpenna Enterprise Bargaining Agreement 1998* (Print Number R0754) and the *Australian Institute Of Marine Science Certified Agreement 1998-2000* (Print Number Q5344).

Regular hours or days rostered for part-time employees

Where part-time employment is combined with regular working hours, employees can more easily co-ordinate their family responsibilities. The rostering of regular days/hours of work for part-time employees is found in the *Australian Wool Handlers (South Australia) Enterprise Agreement 1998* (Print Number Q6840) and the *Remington Products Pty Ltd Certified Agreement 1998* (Print Number Q5766).

As a proportion of agreements by industry, this provision was most common in Finance and Insurance, Accommodation, Cafes and Restaurants, and Communication Services industries.

Job sharing

For employees wishing to work less than full-time hours, job-sharing allows them the versatility to work in any position suitable for this arrangement. Agreements with provision for job-sharing include the *Rangers Valley Cattle Station*

(*Feedlot Employees Enterprise Agreement [1998]* (Print Number Q9220); the *Commonwealth Ombudsman's Office Certified Agreement 1998 - 2000* (Print Number Q7082) and the *Queensland Tertiary Admission Centre Ltd Certified Agreement 1999* (Print Number R2777).

As a proportion of agreements by industry, job sharing was most common in Finance and Insurance, Government Administration and Defence, and Education industries.

Family/carer's leave arrangements

In agreements, family/carer's leave allows an employee to leave work so as to care for a family member who is sick and in need of support. As a proportion of agreements by industry, family leave was most common in the Retail Trade, Education and Finance and Insurance industries.

Similar to working time arrangements, flexibility and innovation in leave arrangements can have a positive effect on the work/family balance. Strategies for this include:

Access to other leave for family caring purposes

Employees, who care for family members, may need to take time off work at short notice to attend to unforeseen or emergency situations. Where there is no provision for paid family leave, or this leave has been exhausted, having access to other forms of leave for this purpose allows employees to attend to these matters, without financial penalty. Such arrangements can be found in the *Australian Competition and Consumer Commission Certified Agreement 1998-1999* (Print Number Q3908) and the *Woolworths Supermarkets - NSW/ACT Agreement 1998* (Print Number Q7717).

As a proportion of agreements by industry, access to other leave for family caring purposes were most commonly found in the Retail Trade, Education, and Wholesale Trade industries.

Parental leave

All employees are entitled to 52 weeks of unpaid parental leave in relation to the birth or adoption of a child, where they have been in their job for at least twelve months. Where both parents wish to access the leave it is available on a shared basis. The following agreements provide for some of this leave to be paid.

Paid maternity leave

The *University Of Technology, Sydney, Students' Association Enterprise Agreement 1998 - 2000* (Print Number Q3511) and the *Edison Mission Operation & Maintenance Loy Yang/Australian Services Union Enterprise Agreement 1998 Agreement* (Print Number R0199) provide 18 and 14 weeks paid maternity leave respectively.

As a proportion of agreements by industry, paid maternity leave was most common in the Health and Community Services, Finance and Insurance and Education industries.

The *Kalparin Early Intervention Program Inc. Agreement* (Print Number O6835) provides for unpaid parental leave in excess of the 52 week parental leave entitlement provided for in the *Workplace Relations Act 1996 (C'th)*. In this instance an employee may take up to 78 weeks leave, provided that this leave does not extend beyond the child's first birthday.

In addition to leave, some agreements also make provision for those returning from maternity/primary care giver's leave to return to work as a part-time employee. Such clauses can be found in the *National Workforce - National Union Of Workers Certified Agreement 1998* (Print Number Q9960) and the *Whitehorse City Council Agreement 1998* (Print Number Q8246).

Paid paternity leave

Paid paternity leave arrangements are less common, and generally of a lesser duration than paid maternity leave arrangements. However, both the *Darrell Lea Chocolate Shops (Operations) Agreement* (Print Number P9491) and the *Fairfax Printers Enterprise Agreement* (Print Number Q3507) provide six weeks paid paternity leave.

As a proportion of agreements by industry, paid paternity leave was most common in the Education, Finance and Insurance, and Health and Community Services industries.

Paid adoption leave

Like paternity leave, adoption leave provisions are also generally of a lesser duration than maternity leave. In contrast to this trend, the *University Of Western Sydney Nepean Students Union Incorporated Enterprise Agreement (1999)* (Print Number R3386) and the *St Michael's Grammar School Certified Agreement 1999* (Print Number R0825) provide six weeks paid adoption leave for primary caregivers.

As a proportion of agreements by industry, paid adoption leave was most common in the Education, Finance and Insurance, and Government Administration and Defence industries.

Incidence of family-friendly provisions in federal workplace agreements

Table 1 below shows the incidence of the above-mentioned family-friendly provisions in male dominated, female dominated and mixed agreements.³ It is interesting to note that these provisions are generally more common in mixed agreements than in male or female dominated agreements. In this group, the most common provisions are family leave, access to other leave for family caring purposes and paid maternity leave.

Table 1: Family-friendly provisions, by gender dominated agreements

Provision	Incidence of provision in male dominated agreements⁴	Incidence of provision in mixed agreements⁵	Incidence of provision in female dominated agreements⁶	Overall incidence of provision in all federal workplace agreements (n = 6916)
Family responsibility provisions	1.5%	10.3%	5.8%	2.5%
Child care provisions	0.7%	4.7%	3.9%	1.4%
Flexible working hours: Start and finish times flexible	8.9%	6.4%	3.6%	6.5%
Flexible working hours: Flexitime system in operation	4.3%	17.0%	12.0%	5.8%
Part-time employment: Regular hours or days rostered	4.4%	17.7%	12.3%	6.4%
Job sharing	0.8%	10.8%	5.3%	2.1%
Family/carer's leave	21.8%	48.0%	33.1%	26.3%
Access to other leave for family caring purposes	18.5%	38.7%	27.5%	20.9%
Parental leave: Paid maternity leave	3.5%	21.2%	36.1%	9.9%
Parental leave: Paid paternity leave	1.9%	4.9%	6.5%	2.8%
Parental leave: Paid adoption leave	0.5%	6.2%	1.8%	1.3%

Source: Workplace Agreements Database, Department of Employment, Workplace Relations and Small Business

Note: The number of federal workplace agreements in 1998 for which male and female employee numbers are known is 4851 (this compares to the total number of agreements that were coded for conditions in 1998 of 6916).

³ In determining gender dominated agreements, male dominated agreements are those with more than 60 per cent male employees, female dominated are those with more than 60 per cent female employees, and mixed agreements are those with between 40 and 60 per cent of each gender. Note that male and female employee numbers are known for approximately 4851 (or 70%) of the 6916 agreements certified in 1998 which were coded for conditions.

⁴ In 1998, 3666 agreements were male dominated.

⁵ In 1998, 406 agreements were mixed.

⁶ In 1998, 779 agreements were female dominated.

Conclusion

To assist employees in balancing the needs of work and family, there are many family-friendly provisions suitable for inclusion in federal workplace agreements. Consultation with staff generally occurs prior to the introduction of these policies to determine those most suitable to the employer and employees. In addition to those mentioned here, there is a diverse range of other family-friendly provisions. Whilst some may be precluded due to organisational/operational requirements, the flexibility of agreements allows workplaces to implement those suitable to organisational and individual needs.

Perceived cost of implementation should not be a barrier to the introduction of family-friendly policies. Whilst some provisions may result in a direct cost for the employer (for example, paid maternity leave), others such as flexibility of working hours and regular hours for part-time staff do not. In addition, the implementation of family-friendly provisions can actually result in a cost saving for employers through less absenteeism and turnover of staff. Where organisations are committed to meeting the needs of their employees, a win-win situation, where employees are committed to meeting organisational requirements, can result.

This article has provided qualitative analysis of family-friendly provisions. A more detailed quantitative analysis can be found in *Work and Family State of Play 1998*, a new report on the level of family-friendly provisions and practices in Australia today. This report, which has been produced by the Work and Family Unit in DEWRSB, uses a broad range of national data sources – in most cases presented for the first time – to provide a picture of the extent of progress and developments in the spread of family-friendly provisions in Australian private and public sector organisations.

Work and Family State of Play 1998 will be released in late June 1999 and will be available for purchase at \$20 plus \$5 postage. For further information, or to order a copy of the report, please contact the Work and Family Unit in the Department of Employment, Workplace Relations and Small Business on 02 6121 7742.

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The contribution of federal agreements to aggregate wages growth

Introduction and key findings

This specialist article provides estimates of the contribution that formal federal agreements make to aggregate wages growth. Ideally, this is done with data from the ABS' new Wage Cost Index (WCI). However, because of the lack of historical data for the WCI, we have also produced estimates of the contribution to growth in a re-weighted average weekly earnings (AWE) series. *The key conclusion from this part of the analysis is that the contribution that wage increases in federal enterprise agreements make to annual growth in re-weighted AWE has increased considerably since the introduction of enterprise bargaining and now accounts for around 20 to 25 per cent of annual wages growth.*

The article analyses the contribution that agreements make to earnings growth in terms of two factors – the average quantum of wage increases under enterprise agreements and the number of employees who receive those increases. This discussion is illustrated with data on both an annual and quarterly basis. *The analysis of wage increases paid under enterprise agreements over the year to each quarter supports the indication provided by our published data (AAWI in the quarter and for all current agreements) that wage outcomes in federal agreements have eased since 1997. In addition, the analysis of the number of employees receiving an increase under an enterprise agreement reveals the emergence of a distinctive quarterly pattern in recent years.* The number of employees who receive a wage increase is relatively high in the March and September quarters and relatively low in the June and December quarters.

All data reported in this article, including ABS data, are in original terms.

Methodology

Before presenting estimates of the contribution that federal enterprise agreements make to earnings growth, it is necessary to deal with a number of methodological issues relating to the timing of wage increases and the choice of denominator and numerator (for measuring earnings contributions).

Wage increment dates

There are two series on wage outcomes in enterprise agreements which are published in *Trends in Enterprise Bargaining* on a regular basis - AAWI for agreements in the quarter and for all current agreements. Neither of these series provides an accurate assessment of the contribution that wage outcomes in enterprise agreements make to earnings growth in any 12 month period as neither measure provides information on the timing of wage increases. This can be overcome as the WAD includes information on the timing of the first six quantifiable wage increases granted through formal federal workplace agreements. Importantly, this accounts for almost all increments received under quantifiable wage agreements since agreements granting more than six increments are extremely rare.

The choice of a denominator

The WAD provides information on changes in *wage rates* in enterprise agreements. Therefore, any assessment of the contribution that these agreements make to general wage outcomes should involve a measure that reflects only changes in total wage rates and is not affected by changes in the structure of employment.

The ideal series is the ABS' new fixed weight measure, the Wage Cost Index, as this index is not affected by compositional changes in the structure of employment. However, we have only five quarterly movements in this new index (discussed later in this article). If any historical analysis is to be undertaken, we have to rely on ABS data on average weekly earnings (AWE) which does reflect compositional change.

The most commonly used measure for analysing growth in aggregate earnings is average weekly ordinary time earnings (AWOTE) for full-time adults, as it excludes overtime earnings and is less affected by compositional change than other measures such as AWE for all employees. Unfortunately it is not possible to use AWOTE as the denominator as the number of full-time adult employees cannot be determined for a large number of agreements on the WAD.

Therefore, we have constructed estimates of average earnings for full-time and part-time employees¹ from the AWE Survey with unpublished data on the number of full and part-time employees from the same survey. Estimated earnings

1. Strictly speaking the data from the AWE Survey on part-time earnings actually refer to average earnings for both part-time employees and junior employees (including full-time juniors).

for full and part-time employees were weighted with data from the Labour Force Survey² on the number of full and part-time employees to obtain an estimate of earnings for all employees. We have also held the proportion of employees who are employed full or part-time constant over each 12 month period. By taking this further step annual movements are unaffected by changes in the proportion of employees who are employed part-time.³

This measure (referred to here as “re-weighted AWE”) has a number of advantages over AWOTE as a measure of aggregate wage pressure. For example, unlike AWOTE, it covers full-time, part-time and junior employees. On the other hand, it includes overtime earnings which should ideally be excluded. It should also be remembered that while this series is less affected by compositional changes in the structure of employment than AWE for all employees, it is still affected by, for example, changes in the structure of employment by industry and occupation. The data are also affected by changes in the number of hours worked within both full and part-time employment.

To obtain an estimate of the total change in the wage bill in any 12 month period we multiplied each annual increase in our re-weighted AWE series by the average number of non-farm employees, as measured by the Labour Force Survey in the same 12 month period.⁴

The choice of a numerator

As noted elsewhere in *Trends in Enterprise Bargaining*, wage increases can only be derived for quantifiable wage agreements.⁵ If we used quantifiable wage agreements only, it would lead to an understatement of the contribution that enterprise agreements make to measured earnings growth as non-quantifiable agreements obviously have some impact. Therefore, in order to gain an estimate for all wage agreements, we have assumed that non-quantifiable wage agreements current in a particular period pay the same increases, on average, as quantifiable wage agreements.

To provide a precise matching with the re-weighted AWE series outlined above, we have used the exact dates on which the AWE survey was conducted. We then obtained information from the WAD on all the wage increases that were granted through formal federal agreements between these dates. For example, for the year to the third quarter 1997, the corresponding dates for the AWE survey were 17 August 1996 to 15 August 1997. Any wage increases falling in that period were included.

To estimate a contribution to aggregate earnings we summed each increase in particular agreements for each 12 month period and then multiplied the resulting sum by the number of employees who are estimated to have received the increase.⁶

This methodology could lead us to understate the contribution that increases in enterprise agreements make to aggregate wage outcomes as it takes no account of the fact that employees covered by enterprise agreements are paid more, on average, than employees in general (a given percentage increase in earnings will have a greater impact on aggregate earnings if it is given to higher paid employees).⁷

2. Data from the AWE Survey for full-time employees refer to full-time adult employees. We therefore used unpublished Labour Force Survey data on the number of full-time employees aged 20 and above.

3. This measure is very similar to the re-weighted AWE series constructed by the Reserve Bank of Australia (RBA). The only difference being that we have held the proportion of employees employed on a full or part-time basis constant over each 12 month period. See the December 1996 RBA Bulletin for a description of the RBA's re-weighted AWE series.

4. Thus, the formula for the denominator is:

$$(\% \text{ increase in re-weighted AWE}) \times (\text{no. non-farm employees})$$

This provides a measure of the total change in the wage bill which is unaffected by changes in the proportion of employees who work part-time.

5. Note that there are 126 quantifiable wage agreements covering an estimated 11,300 employees missing dates for some of their increments. These agreements have been counted in the analysis. However, due to the small number of employees covered, the impact of these agreements is minimal.

6. Thus, the formula for the numerator is:

$$(\% \text{ average wage increase in federal agreements}) \times (\text{no. employees receiving an increase})$$

7. Therefore, using this methodology, the formula for estimating the contribution that federal agreements make to annual wages growth is:

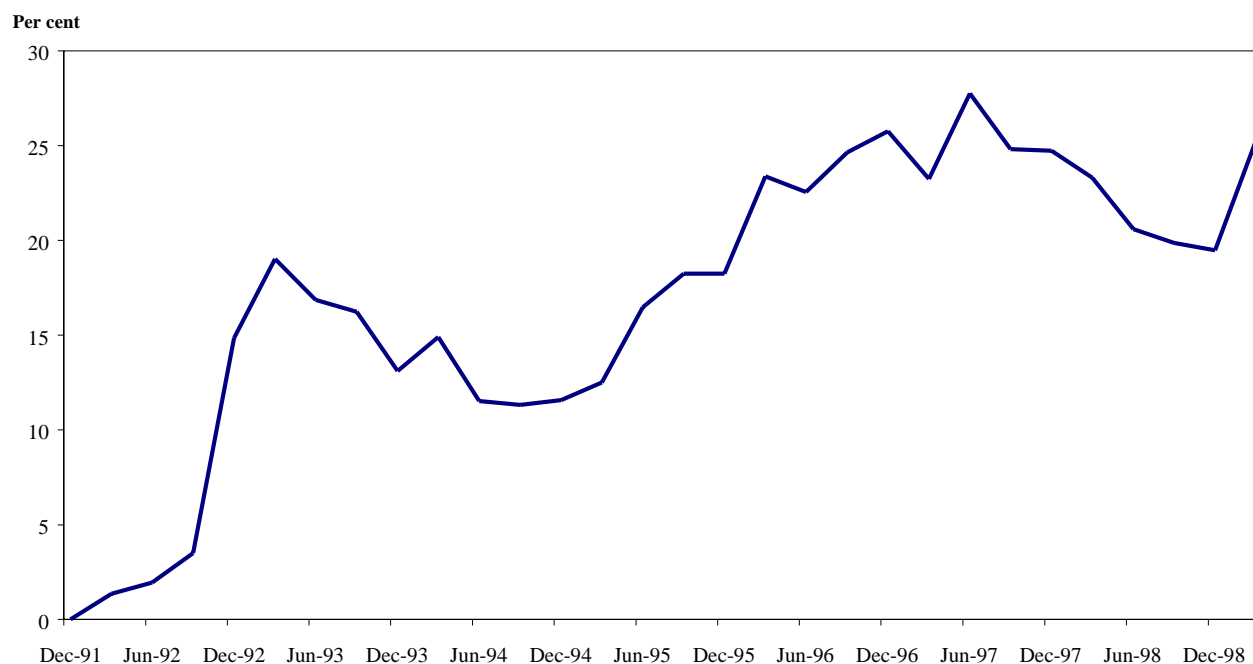
$$\frac{(\% \text{ average wage increase in federal agreements}) \times (\text{no. employees receiving an increase})}{(\% \text{ increase in re-weighted AWE}) \times (\text{no. non-farm employees})}$$

Federal agreement contribution to re-weighted AWE

The share of annual growth in re-weighted AWE attributable to federal enterprise agreements has grown considerably since the introduction of formalised enterprise bargaining in October 1991.

As can be seen from Chart 1 (see also Table 1), this share reached a peak of 27.7% in the year to the June quarter 1997 before falling gradually to 19.5% in the year to the December quarter 1998. It subsequently rose to 25.2% in the year to the March quarter 1999.

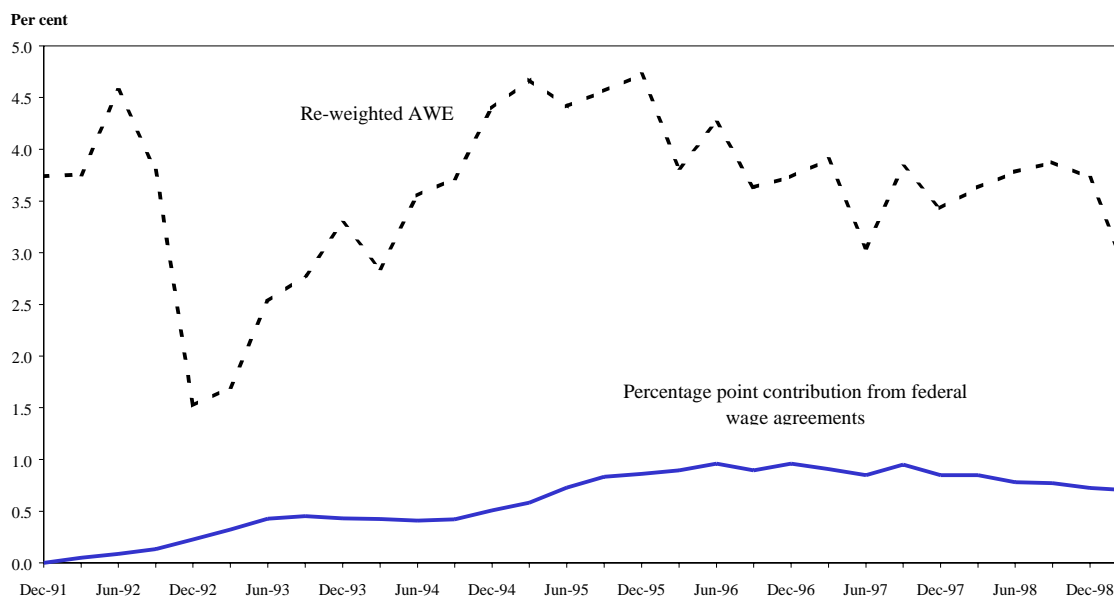
Chart 1: Contribution made by federal wage agreements to annual growth in re-weighted AWE (percentage share)



Source: Workplace Agreements Database, DEWRSB

Much of the volatility in the data can be attributed to changes in the rate of growth in the re-weighted AWE series.

An alternative way of presenting the contribution made by federal wage agreements, which avoids the volatility in the ABS data, is to express the contribution in percentage point terms. Chart 2 on the next page shows the percentage point contribution from federal wage agreements to annual growth in re-weighted AWE, along with annual growth in the re-weighted AWE series itself, for comparison. As the chart shows, there was a steady rise to a peak of a 0.96 percentage point contribution in the year to the June quarter 1996. It subsequently trended down to 0.85 percentage points in the year to the December quarter 1997 and 0.70 percentage points in the year to the March quarter 1999.

Chart 2: Percentage point contribution made by federal wage agreements to annual growth in re-weighted AWE

Source: Workplace Agreements Database, DEWRSB

Explaining changes in the contribution that enterprise agreements make to re-weighted AWE

The contribution that enterprise agreements make to growth in re-weighted AWE (ignoring the fact that employees covered by enterprise agreements earn more than average) obviously depends on two factors – the average increase received by employees covered by enterprise agreements and the number of employees receiving increases.

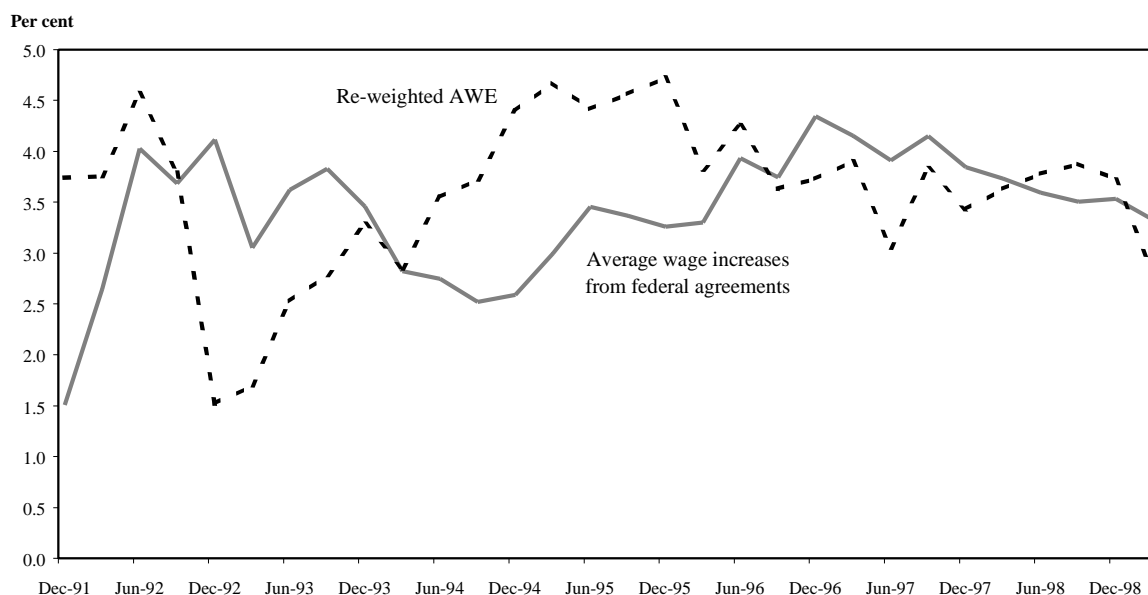
It is possible to assess the relative contribution of each of these factors with data from the WAD. However, some caution is required in interpreting the relative importance of the factors over any 12 month period. Because of data limitations, we have not been able to control for two agreements affecting a group of employees in the same 12 month period. This makes no difference for our estimates of the total contribution of enterprise agreements to wages growth – apart from compounding, a 4% wage increase given to 1000 employees will, other things being equal, have the same impact on annual wages growth as two 2% rises to the same 1000 employees. However, by not capturing replacement agreements in any 12 month period, we have underestimated the average wage increase (for employees who received an increase) over a 12 month period and overstated the number of employees who receive an increase in any 12 month period. In simple terms there will be some double counting of employee numbers as some employees will receive increases from more than one agreement in a 12 month period. However, the magnitude of such over and underestimation is unlikely to be large or change much over time.

Comparison of re-weighted AWE and wage increases under federal agreements

Chart 3 shows estimates of the average increase received by employees who received an increase under an enterprise agreement in each 12 month period.⁸ The chart shows that wage outcomes for employees covered by a federal agreement that provides a wage increase peaked at 4.3% in the year to the December quarter 1996. Wage outcomes have been gradually slowing in the period since, falling to 3.3% in the year to the March quarter 1999.

8. This measure should not be confused with AAWI for either agreements in the quarter or for all current agreements. Such measures, unlike those outlined in this article, refer to the average annual wage increase that agreements provide over their life (that is, until their nominal expiry date), rather than the size of wage increases provided in a particular 12 month period.

Chart 3: Average wage increases from federal agreements in each year and annual growth in re-weighted AWE



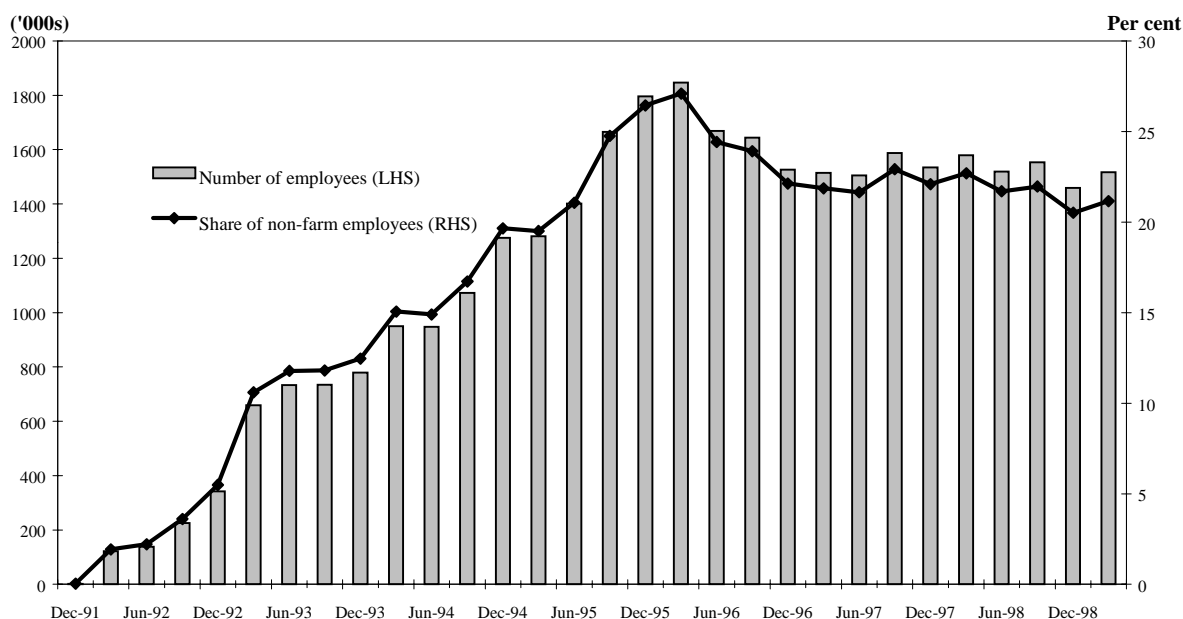
Source: Workplace Agreements Database, DEWRSB

Employee coverage

The other major factor in the contribution that federal enterprise agreements make to growth in re-weighted AWE is changes in the number of employees who receive a wage increase under an agreement. As noted earlier, there will be some double counting as employees may receive an increase from more than one agreement within a 12 month period.

As shown in Chart 4, the proportion of non-farm employees who received a wage increase under a federal agreement increased steadily in the first four years of formalised agreement making, reaching a peak of 27.1% (or 1.85 million employees) in the year to the March quarter 1996. It has since fallen to 21.1% (or 1.52 million employees) in the year to the March quarter 1999.

Chart 4: The number of employees who received a wage increase under an agreement and as a share of non-farm employees (year to quarter)



Source: Workplace Agreements Database, DEWRSB

Federal agreement contribution to re-weighted AWE in 1998 and early 1999

As suggested earlier, it is possible to explain recent changes in the contribution that enterprise agreements have made to annual earnings growth by focussing on the relative contribution of the two factors outlined above.

In the year to the March quarter 1999, federal enterprise agreements contributed 0.70 percentage points (or 25.2%) of the 2.8% increase in re-weighted AWE (based on preliminary ABS data). This was a fall from the year to the December quarter 1998 when federal agreements contributed 0.72 percentage points (or 19.5%) of the 3.7% increase in re-weighted AWE and from the year to the September quarter 1998 at 0.77 percentage points (or 19.9%) of the 3.9% increase in re-weighted AWE.

The reasons for the decline from the December quarter 1998 to the March quarter 1999 can be fully attributed to a fall in the quantum of the wage increments received in enterprise agreements, which fell from 3.5% in the year to the December quarter 1998 to 3.3% in the year to the March quarter 1999. The proportion of non-farm employees who received at least one wage increase under a federal agreement actually rose, from 20.5% in the year to the December quarter 1998 to 21.1% in the year to the March quarter 1999.

By contrast, the fall from the September quarter 1998 to the December quarter 1998 was completely due to a fall in the proportion of non-farm employees who received a wage increase under a federal agreement (falling from 22.0% to 20.5%), as the quantum of the wage increases received remained unchanged at 3.5%.

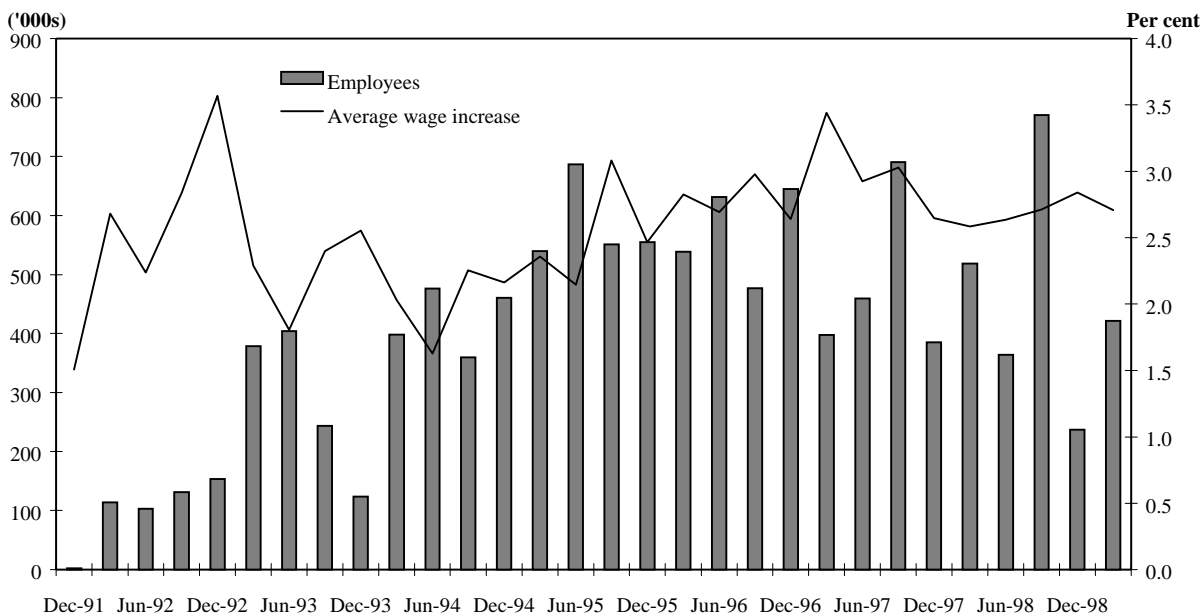
Average increases received each quarter

The type of analysis presented above can also be used to help understand the contribution that enterprise agreements make to quarterly wages growth.

As already noted, the results presented above have to be treated with some caution because employees may receive increases from more than one agreement in any 12 month period. However, if the analysis is restricted to increases granted in a particular quarter, this will not pose a problem as it would be extremely rare for employees to receive increases under more than one agreement in the same quarter.

Chart 5 shows estimates of the average wage increase received by employees who received an increase under an agreement and the number of employees who received that increase, by quarter.

After reaching a peak of 3.4% in the March quarter 1997, the average quarterly wage increase received by employees who received an increase in an agreement (in that quarter) declined during the remainder of 1997 and has since remained fairly stable. However, the recent trend in the number of employees who received an increase under enterprise agreements each quarter has been quite different. Since the June quarter 1997, there appears to be a distinct pattern, with the number of employees receiving a wage increase being relatively high in the March and September quarters and relatively low in the June and December quarters. This pattern, which is consistent with the recent pattern in measured quarterly growth in AWOTE (at least until results for February 1999) and quarterly growth in the Wage Cost Index, will be explored in greater depth in a future issue of *Trends in Enterprise Bargaining*.

Chart 5: Average wage increase and the number of employees who received an increase, by quarter

Source: Workplace Agreements Database, DEWRSB

Federal agreement contribution to increases in the Wage Cost Index

As already discussed, from a methodological standpoint, it is preferable to examine the contribution of federal wage agreements to the Wage Cost Index, as the latter is unaffected by compositional changes in the structure of employment.

Methodology

The method for estimating the contribution that federal agreements make to growth in the Wage Cost Index (total hourly rates of pay excluding bonuses) is similar to that adopted for analysing the contribution that federal agreements make to changes in the re-weighted AWE. The numerator, being the average wage increase multiplied by the estimated number of employees covered by a wage increase in any 12 month or quarterly period, remains unchanged. The reference dates for the Wage Cost Index are equivalent to those used in the AWE Survey (which refer to a week in the middle month in the quarter).

The denominator, however, is slightly different. It is the percentage change in the total hourly rates of pay index excluding bonuses multiplied by the average number of non-farm employees as measured by the Labour Force Survey in the relevant 12 month or quarterly period.

Federal agreement contribution to total hourly rates of pay excluding bonuses

In the year to the December quarter 1998, federal enterprise agreements contributed 23.4% (or 0.72 percentage points) of the 3.1% increase in total hourly rates of pay excluding bonuses. By comparison, in the year to the September quarter 1998, wage increases in federal agreements accounted for 23.3% (or 0.77 percentage points) of the 3.3% increase in total hourly rates of pay excluding bonuses. Further details are in Table 1.

For enquiries regarding this article telephone Mark Exall on 02 6121 7565 or Matthew James on 02 6121 7733.

TABLE 1: FEDERAL AGREEMENTS PAYING A WAGE INCREASE IN THE YEAR TO QUARTER AND AVERAGE WEEKLY EARNINGS

Year to Quarter	Mar-94	Jun-94	Sep-94	Dec-94	Mar-95	Jun-95	Sep-95	Dec-95	Mar-96	Jun-96	Sep-96	Dec-96	Mar-97	Jun-97	Sep-97	Dec-97	Mar-98	Jun-98	Sep-98	Dec-98	Mar-99		
Annual increase in federal agreements paying a wage increase (%)	2.8	2.7	2.5	2.6	3.0	3.5	3.4	3.3	3.3	3.9	3.7	4.3	4.2	3.9	4.1	3.8	3.7	3.6	3.5	3.5	3.3		
Number of employees receiving a wage increase under a federal agreement ('000)	949.6	946.9	1073.5	1274.9	1281.9	1402.0	1666.1	1796.0	1847.1	1668.7	1643.2	1526.0	1514.8	1504.3	1587.9	1534.0	1579.9	1519.4	1553.9	1459.3	1516.5		
Nonfarm employees ('000)	6305.1	6355.6	6418.6	6487.7	6571.5	6653.5	6732.4	6793.0	6817.0	6833.0	6871.9	6897.3	6931.3	6953.0	6929.6	6943.8	6962.9	7004.6	7076.6	7115.9	7170.3		
Percentage point contribution federal agreements make to growth in re-weighted AWE and WCI (%)	0.42	0.41	0.42	0.51	0.58	0.73	0.83	0.86	0.89	0.96	0.89	0.96	0.91	0.85	0.95	0.85	0.85	0.78	0.77	0.72	0.70		
Annual increase in re-weighted AWE (%)	2.8	3.6	3.7	4.4	4.7	4.4	4.6	4.7	3.8	4.3	3.6	3.7	3.9	3.1	3.8	3.4	3.6	3.8	3.9	3.7	2.8		
Percentage contribution federal agreements make to annual growth in re-weighted AWE (%)	14.9	11.5	11.3	11.6	12.5	16.5	18.2	18.2	23.4	22.6	24.6	25.8	23.2	27.7	24.8	24.7	23.3	20.6	19.9	19.5	25.2		
Annual increase in WCI (%)																				3.3	3.1		
Percentage contribution federal agreements make to annual growth in the WCI (%)																					23.3	23.4	

Source: Workplace Agreements Database, DEWRB